

# *Business Incentives*

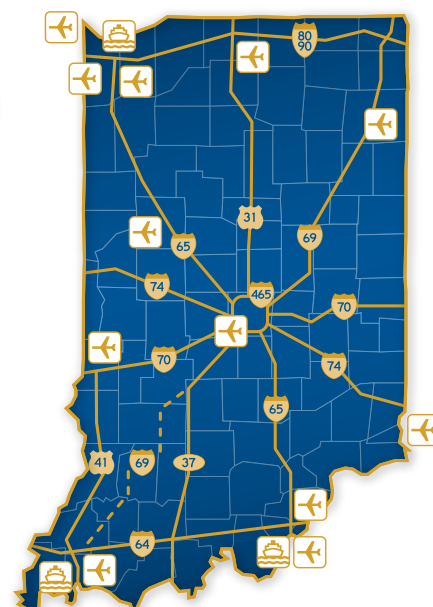
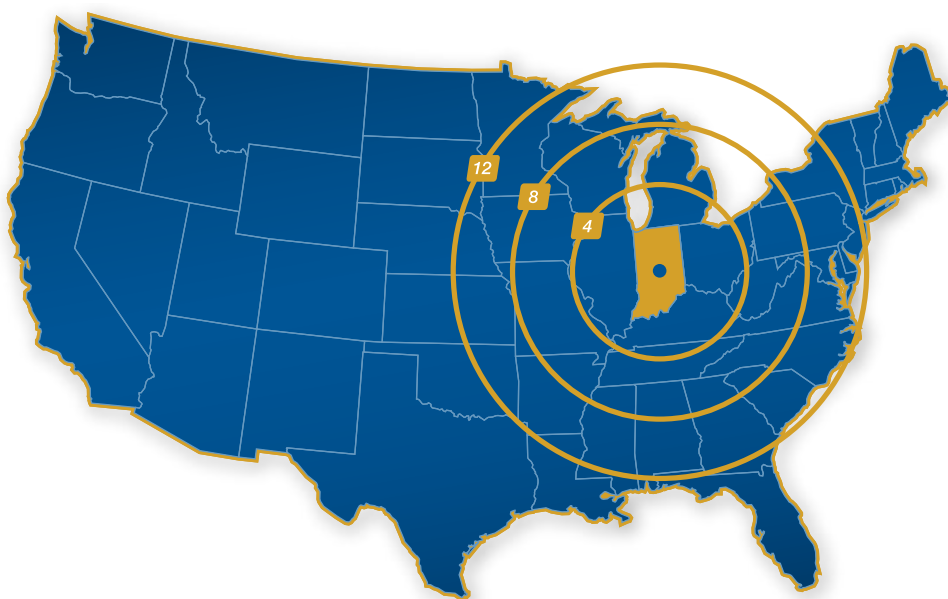


# Accelerating Your Business



## Indiana's Transportation System

- Known as the “Crossroads of America,” Indiana has more than 11,000 total highway miles and is intersected by nine interstate highways – more than any other state in the nation.
- Indiana is served by a rail system of more than 4,100 miles of active railway.
- Indiana has three state-of-the-art international ports – each a Foreign Trade Zone – located on two major inland waterways.
- Indiana is home to four international airports – in Indianapolis, Fort Wayne, Terre Haute and Gary/Chicago.
- Indiana has major facilities for air cargo and package services, including the nation’s second-largest FedEx hub, located at Indianapolis International Airport.
- A new \$1.1 billion main passenger terminal is scheduled to open at Indianapolis International Airport in late 2008.
- Major Moves, a comprehensive infrastructure investment program, will fund \$12 billion in state road and economic growth projects over the next 10 years.



## Central Location

- In the heart of the American Midwest
- Within a half day’s drive to more than 25 major metropolitan markets
- The population-geographic median of the U.S. is in Daviess County, Indiana (U.S. Census Bureau, 2000)

### 4 hours

Chicago, IL  
Cincinnati, OH  
Columbus, OH  
Louisville, KY  
St. Louis, MO

### 8 hours

Birmingham, AL  
Charleston, WV  
Cleveland, OH  
Des Moines, IA  
Detroit, MI  
Kansas City, KS  
Memphis, TN  
Milwaukee, WI  
Pittsburgh, PA

### 12 hours

Atlanta, GA  
Baltimore, MD  
Charleston, SC  
Jackson, MS  
Little Rock, AR  
Minneapolis, MN  
Omaha, NE  
Raleigh, NC  
Richmond, VA  
Toronto, ON  
Washington, DC

— Major Highways



Major Airports



Navigable Inland Ports



<b>Business Costs</b>	<b>Indiana</b>	<b>Illinois</b>	<b>Kentucky</b>	<b>Michigan</b>	<b>Ohio</b>	<b>Pennsylvania</b>	<b>Tennessee</b>	<b>Texas</b>
Total State Business Taxes Sum of Corporate State Income Tax, Workers' Compensation and Unem- ployment Insurance (2006)	<b>\$169,739</b>	\$267,448	\$235,725	\$256,858	N/A*	\$292,822	\$250,874	\$275,912
Corporate State Income Tax Due Per Net Taxable Income of \$1,000,000 (2006)	<b>\$85,000</b>	\$73,000	\$70,000	\$71,213	\$85,000	\$99,900	\$65,000	\$45,000
Average Workers' Compensation Annual Premium Based on 100 Employees (2006)	<b>\$65,839</b>	\$167,048	\$144,125	\$161,345	N/A*	\$164,922	\$166,274	\$206,612
Average Workers' Compensation Rate (2006)	<b>\$1.97</b>	\$3.82	\$4.52	\$4.13	N/A*	\$4.43	\$4.27	\$5.53
Average Unemployment Insurance Based on 100 Employees New Employer Rate (July 2006)	<b>\$18,900</b>	\$37,400	\$21,600	\$24,300	\$24,300	\$28,000	\$19,600	\$24,300
<b>Other State Data</b>								
Average Annual Wage (2005)	<b>\$34,080</b>	\$39,290	\$32,550	\$40,040	\$36,270	\$36,320	\$33,260	\$35,470
Average Annual Unemployment	<b>5.4%</b>	5.7%	6.1%	6.7%	5.9%	5.0%	5.6%	5.3%

\* No private workers' compensation insurance; handled through state.

Major Sources: U.S. Bureau of Labor Statistics / U.S. Department of Labor / Actuarial & Technical Solutions Inc. / Bureau of Economic Analysis

The information above is provided by the Indiana Economic Development Corporation and is for general illustrative purposes only. This information neither constitutes legal advice nor carries with it any guarantee or commitment from the state of Indiana. The reader should consult legal counsel to determine how tax laws apply to specific situations.

## Low Costs of Doing Business

- Indiana has the:
  - 5<sup>th</sup> lowest unemployment tax rate.
  - 11<sup>th</sup> lowest electric utility costs.
  - 4<sup>th</sup> lowest workers' compensation rates.
  - 7<sup>th</sup> lowest costs in per capita state and local government expenditures (Small Business Entrepreneurship Council, October 2006).
- Indiana is ranked 1<sup>st</sup> in manufacturing productivity among major industrial states, with \$113,570 in gross productivity per employee (Wisconsin Manufacturing Extension Partnership, October 2005).

## Diversified Economy

- Indiana has the 5<sup>th</sup> largest pharmaceutical industry in the United States, in terms of sales, shipments, receipts and revenues.
- More than 578,000 Indiana jobs, one in nine of all jobs in the state, are directly or indirectly tied to the life sciences and health care industry, according to a 2005 Indiana Health Industry Forum study.
- Indiana is ranked 4<sup>th</sup> in the nation in soybean production and 5<sup>th</sup> in corn production.
- Indiana ranks 4<sup>th</sup> in the nation for venture capital invested per deal, according to Price Waterhouse Coopers (2004).
- International companies employ more than 18 percent of Indiana's manufacturing workforce.
- Indiana's manufacturing industry – including such companies as Cummins, Eli Lilly and Company, Pfizer and Rolls-Royce – lead the nation in innovation and industry best practices.
- *Entrepreneur* magazine and the National Policy Research Council have named several Indiana cities as hot places for entrepreneurs, including Indianapolis, Fort Wayne, Elkhart-Goshen, Bloomington, Terre Haute, Muncie, South Bend and Lafayette.
- The Indianapolis MSA ranks among "America's 50 Hottest Cities" by *Expansion Management* magazine.



# Quality of Life



## High Quality of Life

- Indianapolis is the nation's most affordable real estate market (*Forbes Magazine*).
- Indiana schools outperform the national average at all grade levels in mathematics and science.
- Indiana is one of the top three states for K-12 academic standards (Thomas B. Fordham Foundation, 2006).
- Indiana ranks 14<sup>th</sup> in terms of personal savings and investment (A.G. Edwards, October 2006).
- Indiana has the 7<sup>th</sup> best working environment. None of our neighboring states rank higher than 16<sup>th</sup> (University of Massachusetts Amherst, October 2005).
- Indiana's world-famous museums include The Children's Museum of Indianapolis, the largest children's museum in the world, The Lincoln Museum in Fort Wayne, which houses the world's largest private collection dedicated to the life and times of Abraham Lincoln, and the Indianapolis Museum of Art, among the largest general art museums in the United States.





## Education

- Indiana is home to 76 world-class colleges and universities.
- Ball State University was named one of 13 “Institutions of Excellence in the First College Year” by the National Policy Center.
- DePauw University was ranked 8<sup>th</sup> among more than 800 liberal arts colleges as a source of top business executives, according to Standard & Poor’s, and is a top source for Fortune 500 CEOs.
- The Indiana University School of Medicine is the second-largest medical school in the United States. IU is also home to the country’s largest School of Nursing with strong baccalaureate and research programs.
- Purdue University ranked among the top 25 public universities nationally, and its undergraduate programs in engineering and business are among the best in the nation, according to *U.S. News & World Report*.
- The University of Notre Dame is rated among the nation’s top 25 institutions of higher learning in surveys conducted by *U.S. News & World Report*, *Princeton Review*, *Time*, *Kiplinger’s*, *Kaplan/Newsweek* and others.

### 4 year

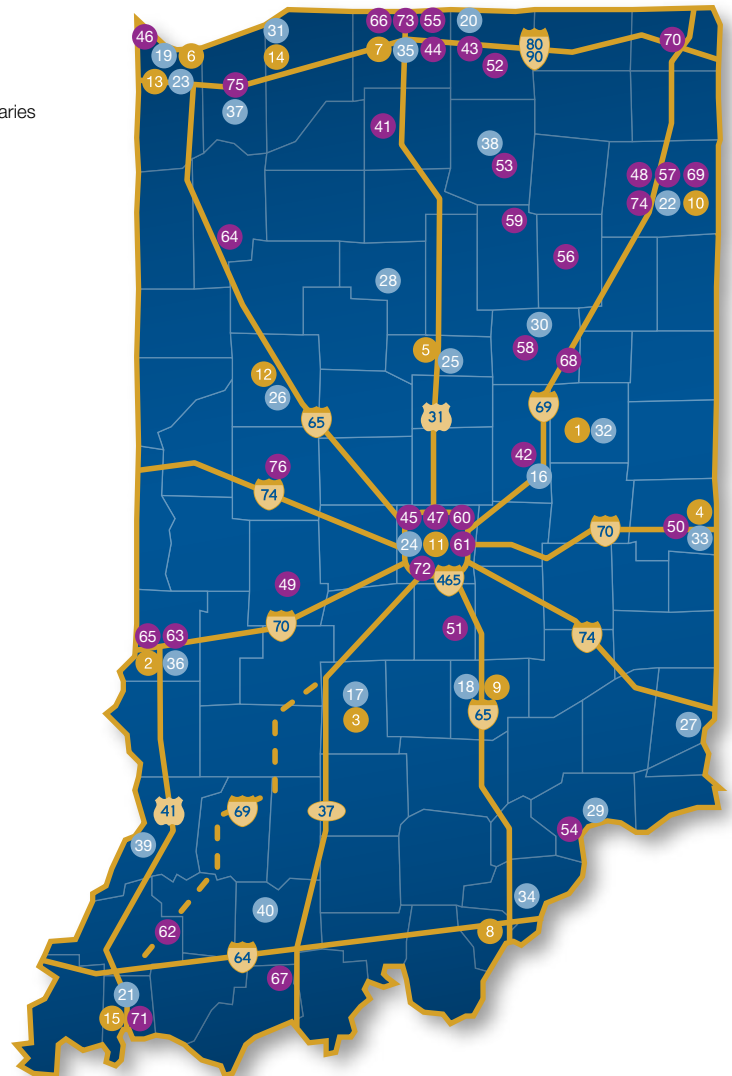
1. Ball State University
2. Indiana State University
3. Indiana University
4. Indiana University East
5. Indiana University Kokomo
6. Indiana University Northwest
7. Indiana University South Bend
8. Indiana University Southeast
9. IUPUI Columbus
10. IUPUI Fort Wayne
11. IUPUI Indianapolis
12. Purdue University
13. Purdue University Calumet
14. Purdue University North Central
15. University of Southern Indiana

### 2 year

16. Ivy Tech Anderson
17. Ivy Tech Bloomington
18. Ivy Tech Columbus
19. Ivy Tech E. Chicago
20. Ivy Tech Elkhart
21. Ivy Tech Evansville
22. Ivy Tech Fort Wayne
23. Ivy Tech Gary
24. Ivy Tech Indianapolis
25. Ivy Tech Kokomo
26. Ivy Tech Lafayette
27. Ivy Tech Lawrenceburg
28. Ivy Tech Logansport
29. Ivy Tech Madison
30. Ivy Tech Marion
31. Ivy Tech Michigan City
32. Ivy Tech Muncie
33. Ivy Tech Richmond
34. Ivy Tech Sellersburg
35. Ivy Tech South Bend
36. Ivy Tech Terre Haute
37. Ivy Tech Valparaiso
38. Ivy Tech Warsaw
39. Vincennes University
40. Vincennes University Jasper

### Private

41. Ancilla Domini College
42. Anderson University
43. Associated Mennonite Biblical Seminaries
44. Bethel College
45. Butler University
46. Calumet College of Saint Joseph
47. Christian Theological Seminary
48. Concordia Theological Seminary
49. DePauw University
50. Earlham College
51. Franklin College
52. Goshen College
53. Grace College
54. Hanover College
55. Holy Cross College
56. Huntington University
57. Indiana Tech
58. Indiana Wesleyan University
59. Manchester College
60. Marian College
61. Martin University
62. Oakland City University
63. Rose-Hulman Institute of Technology
64. Saint Joseph’s College
65. Saint Mary-of-the-Woods College
66. Saint Mary’s College
67. Saint Meinrad School of Theology
68. Taylor University
69. Taylor University Fort Wayne
70. Trine University
71. University of Evansville
72. University of Indianapolis
73. University of Notre Dame
74. University of Saint Francis
75. Valparaiso University
76. Wabash College



# Indiana Business Incentives

The Indiana Economic Development Corporation (IEDC) is the state's lead economic development organization. The IEDC has many incentive programs available for companies creating jobs and raising income in Indiana. Economic development incentives include tax credits based on job creation and capital investment, training grants and public infrastructure assistance.

## Grants & Incentives

### Skills Enhancement Fund (SEF)

SEF provides financial assistance to new and expanding companies committed to training their Indiana resident workforce. Eligible companies can receive reimbursement of up to 50 percent of eligible training costs. Indiana continues this commitment to training by allowing companies to reapply for additional funds to retrain employees after a two-year period.

### Technical Enhancement Certification for Hoosiers (TECH) Fund

The TECH Fund provides financial assistance to companies to assist with training their information technology workers. Eligible companies may receive reimbursement of up to \$50,000 – \$2,500 per employee – or 50 percent of training costs, whichever is less. The program is administered on a reimbursement basis.

### Economic Development for a Growing Economy (EDGE)

EDGE tax credits are based on the additional employee payroll withholdings for net new job creation in Indiana. The grant may be for a period of up to 10 years. Credits are applied against the company's Indiana income tax liability and are refundable.

### Industrial Development Grant Fund (IDGF)

These grants help communities meet the public infrastructure needs of a new or expanding business. Assistance is available for publicly-installed infrastructure leading up to, but not onto, the company's property, except in the case of rail spurs and fiber optic cable.

### Single Sales Factor Corporate Income Apportionment

Complete in 2011, the five-year phase-in of a single sales factor for corporate income apportionment will eliminate the tax penalty associated with adding jobs and increasing investment in Indiana.

### 21st Century Research and Technology Fund (21 Fund)

The 21 Fund helps develop and commercialize advanced technologies in Indiana. Proposals are subject to a review process in which the technology or science is reviewed by experts in the field and the commercial viability of the proposal is evaluated.

### Life Sciences R&D Growth Fund

Indiana's \$20 million Life Sciences Research and Development Growth Fund provides grants to Indiana colleges and universities to support the recruitment and retention of world-class scientists specializing in the life sciences.

## Programs

### Certified Technology Parks

The Certified Technology Park program was created as a tool to support the attraction and growth of high-technology business in Indiana. Designation as a Certified Tech Park allows for the recapture of certain state and local tax revenue which can be invested in the development of the park.

### Permitting Assistance

The IEDC can assist companies by serving as a liaison between the company and communities, local economic development organizations and regulatory agencies. The IEDC can also provide permit application assistance and tracking. This service is an effort to minimize the amount of time spent on regulatory compliance.

### Small Business Development Center (SBDC)

The mission of the SBDC is to help Indiana businesses grow and create new jobs within the state. The SBDC provides free and low-cost information, management counseling and educational services designed to support Indiana small business owners and potential entrepreneurs, including assistance with business plan development.



### Shovel Ready Program

In an effort to accelerate the timeframe in which new businesses can relocate to or expand in Indiana, the Shovel Ready program pre-permits Indiana locations for development.

### Industry Initiatives

In addition to the grants, tax incentives and services the IEDC offers, efforts are also focused on particular industries including:

Life Sciences	Film
Advanced Manufacturing	Logistics
Agribusiness	Insurance
International Development	Motorsports
Information Technology	

### Tax Credits

#### Hoosier Business Investment Tax Credit (HBI)

HBI tax credits are available to a company making a “qualified investment” in an Indiana facility. Generally speaking, a “qualified investment” includes new buildings, building improvements and equipment. The credit award may equal up to 10 percent of the qualified investment, and may be carried forward for up to nine years. The credit percentage and carry-forward term are determined by the IEDC on a case-by-case basis.

#### Venture Capital Investment Tax Credit (VCI)

The VCI tax credit is a non-refundable tax credit available to qualified applicants that provides investment capital to qualified Indiana businesses. The aggregate credit amount for a particular qualified business is equal to the lesser of 20 percent of the qualified investment or \$500,000.

#### Research and Development Sales Tax Exemption

This program provides a refund of 50 percent of the sales taxes paid on transactions involving research and development equipment acquired after June 30, 2005, and before July 1, 2007. This program will then exempt a business from 100 percent of the sales tax on research and development equipment acquired after June 30, 2007.

### Research and Development Tax Credit

For taxable years beginning after December 31, 2007, the qualified research expense credit will be increased from 10 percent to 15 percent on the first \$1 million of investment. The research expense credit may be carried forward for 10 years.

### Patent Income Exemption

To spur additional patent activity, taxpayers are exempt from certain income derived from qualified utility and plant patents. Qualified taxpayers are eligible for an exemption of 50 percent of patent income for each of the first five years. The exemption percentage decreases over the next five years to 10 percent in the 10th year. The total amount of exemptions claimed by a taxpayer may not exceed \$5 million per year. This benefit is available only to companies with 500 or fewer employees.

### Hoosier Headquarters Relocation Tax Credit

When a business relocates its corporate headquarters (defined as the location of the principal office of the principal executives) to Indiana, it is entitled to a credit against its state tax liability equal to half of the costs incurred in relocating the headquarters. A company must have global annual revenue of at least \$100 million to qualify.

### Hoosier Alternative Fuel Vehicle Manufacturer Tax Credit

Provides a credit up to 15 percent, as determined by IEDC, of the qualified investment for the manufacture of alternative fuel vehicles. An applicant must compensate its employees at least 150 percent of the state’s hourly minimum wage and agree to maintain operations for at least 10 years.

### Industrial Recovery Site Tax Credit (Dinosaur Building)

Credits are available for rehabilitating buildings that have been empty for the previous two years, that were in operation at least 20 years ago, and that have at least 250,000 square feet of interior space.



**Indiana Economic Development Corporation**

One North Capitol, Suite 700  
Indianapolis, Indiana 46204  
Toll-free: 800.463.8081  
Tel: 317.232.8800  
Fax: 317.232.4146  
[www.AccelerateIndiana.com](http://www.AccelerateIndiana.com)

**Northwest Regional Office**

9800 Connecticut Drive  
Crown Point, Indiana 46307  
Tel: 219.644.3696  
Fax: 219.644.3695

**North Central Regional Office**

209 North Main Street, Suite 202  
South Bend, Indiana 46601  
Tel: 574.288.6836  
Fax: 574.288.6837

**Northeast Regional Office**

300 East Main Street  
Fort Wayne, Indiana 46802  
Tel: 260.436.3000  
Fax: 260.436.3044

**Southwest Regional Office**

8600 University Boulevard, Room 112  
Evansville, Indiana 47712  
Tel: 812.461.5353  
Fax: 812.461.5357

**Southeast Regional Office**

PO Box 896  
1200 West O & M Avenue  
North Vernon, Indiana 47265  
Tel: 812.346.1715  
Fax: 812.346.8093

**SBIR Program Office**

32 East Main Street  
Bloomfield, Indiana 47424  
Tel: 812.384.3283  
Fax: 812.384.3487